Financial Section

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- Independent Auditors' Report

- Required Supplementary Information-
  Management's Discussion and Analysis (MD & A)

- City's basic financial statement, which includes the following:
  - The Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Basic Financial Statements

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Glendale
City of Glendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Housing Assistance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 18 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of pension contributions and the schedule of changes in total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 30, 2018

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As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – x of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2017-18 by $1,595,079 (net position), which was comprised of net investment in capital assets of $1,327,367, restricted net position of $174,225 and unrestricted net position of $93,487. The unrestricted net position consisted of a negative $195,007 for governmental activities and $288,494 for business-type activities. The negative unrestricted net position for governmental activities was primarily due to the recognition of net pension liability.

- The City's total net position increased by $40,956. Most of this increase was attributable to an increase in sales taxes and charges for services.

- As of the close of FY 2017-18, the City's governmental funds reported combined ending fund balances of $331,848, an increase of $43,917 in comparison with the prior year. About 12.9% of this total amount, $42,728 was unassigned and available for spending at the government's discretion.

- At the end of FY 2017-18, City Charter Section 15 general reserve of $28,115, and unassigned fund balance of $47,418 for the General Fund totaled $75,533, representing about 35.1% of the original FY 2017-18 budget of $215,043. Due to the Council's decision to participate in the pension rate stabilization program starting FY 2017-18, the minimum General Fund reserve level changes from 30.0% to 25.0% of the annual operating budget, and the targeted General Fund reserve level remains at 35.0% of the annual operating budget.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, public works, transportation, housing, health, and community development, employment programs, public service, parks, recreation, and community services, library, and interest and fiscal charges. The business-type activities of the City include fire communications, sewer, refuse disposal, electric, and water.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate housing authority and financing authority for which the City is financially accountable. The housing authority and the financing authority, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for General Fund, Housing Assistance Fund and Capital Improvement Fund, all of which are considered to be major funds. Data from the other 43 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its General Fund, special revenue and debt service fund types. Budgetary comparison information has been provided for the above fund types to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-39 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its refuse disposal, fire communications, sewer, and electric and water utility operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, information services and infrastructure, joint helicopter operation, building maintenance, uninsurable litigation, employee benefits, and various other insurances.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, electric, and water operations, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40-44 of this report.

Fiduciary funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the City. The City maintains one fiduciary fund – Glendale Successor Agency Trust Fund, a Private-Purpose Trust Fund.

Since the resources of fiduciary fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 45-46 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-106 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information, which can be found on pages 107-111 of this report. Combining and individual fund statements can be found on pages 113-176 of this report.

Government-wide Financial Analysis

The government-wide financial analysis contains comparative information from the prior year.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,595,079 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (83.3%) reflected its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that was still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Glendale's Net Position
As of June 30,

		Governmental activities		Business-type activities		Total	
		2018	2017	2018	2017	2018	2017
Current and other assets	$	532,548	513,766	413,756	384,677	946,304	898,443
Capital assets		958,831	956,546	641,740	655,479	1,600,571	1,612,025
Total assets		1,491,379	1,470,312	1,055,496	1,040,156	2,546,875	2,510,468
Deferred outflows of resources		114,414	84,920	32,598	27,580	147,012	112,500
Total assets and deferred outflows of resources		1,605,793	1,555,232	1,088,094	1,067,736	2,693,887	2,622,968
Current liabilities		55,156	81,211	40,060	39,261	95,216	120,472
Noncurrent liabilities		628,775	566,302	348,370	344,023	977,145	910,325
Total liabilities		683,931	647,513	388,430	383,284	1,072,361	1,030,797
Deferred inflows of resources		21,956	23,240	4,491	6,495	26,447	29,735
Total liabilities and deferred inflows of resources		705,887	670,753	392,921	389,779	1,098,808	1,060,532
Net investment in capital assets		926,357	922,498	401,010	409,287	1,327,367	1,331,785
Restricted		168,556	124,491	5,669	5,669	174,225	130,160
Unrestricted		(195,007)	(162,510)	288,494	263,001	93,487	100,491
Total net position	$	899,906	884,479	695,173	677,957	1,595,079	1,562,436

As noted earlier, 10.9% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $93,487 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, $288,494 is in business-type activities such as electric, water, and sewer utilities.

Governmental activities. Governmental activities increased the City's net position by $23,740. Key elements of this increase are as follows:

- Sales tax revenue increased by $21,062 (51.3%) during the current fiscal year. The increase is mainly due to the outcome of a sales tax audit conducted by the California Department of Tax and Fee Administration (CDTFA) and closing of a liability account and transferring of the remaining revenues to the General Fund.

  California Department of Tax and Fee Administration (CDTFA – formerly known as Board of Equalization or BOE) transitioned to a new Centralized Revenue Opportunity System (CROS) on May 7, 2018, and due to the enhanced allocation schedule under the new system, tax distributions to local governments will be accelerated going forward. Under traditional method the advances approximated quarterly tax due in four payments consisting of 1st Advance 27%, 2nd Advance 27%, 3rd Advance 36%, and final True-up 10%. Under the new method the future advances will approximate quarterly tax due in three payments consisting of 1st Advance 27%, 2nd Advance 27%, and the final True-up 46%. This change includes the 2nd Quarter 2018 revenues for FY 2017-18.

  Below is the anticipated new allocation schedule:

Sales Period	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Advance/Clean – Up Payments	27%	46%	27%	27%	46%	27%	27%	46%	27%	27%	46%	27%
Clean-Up Dates (Approx.)		2/22			5/23			8/24			11/28	
Remittance Dates (Approx.)	1/24	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/28	12/27

- Charges for services increased by $8,047 (12.3%) compared to prior fiscal year. The increase is mainly driven by $3,768 of cost allocation, $1,066 of landfill tipping fee, $504 of emergency medical response, $209 fire fees and $375 of special fire fees.

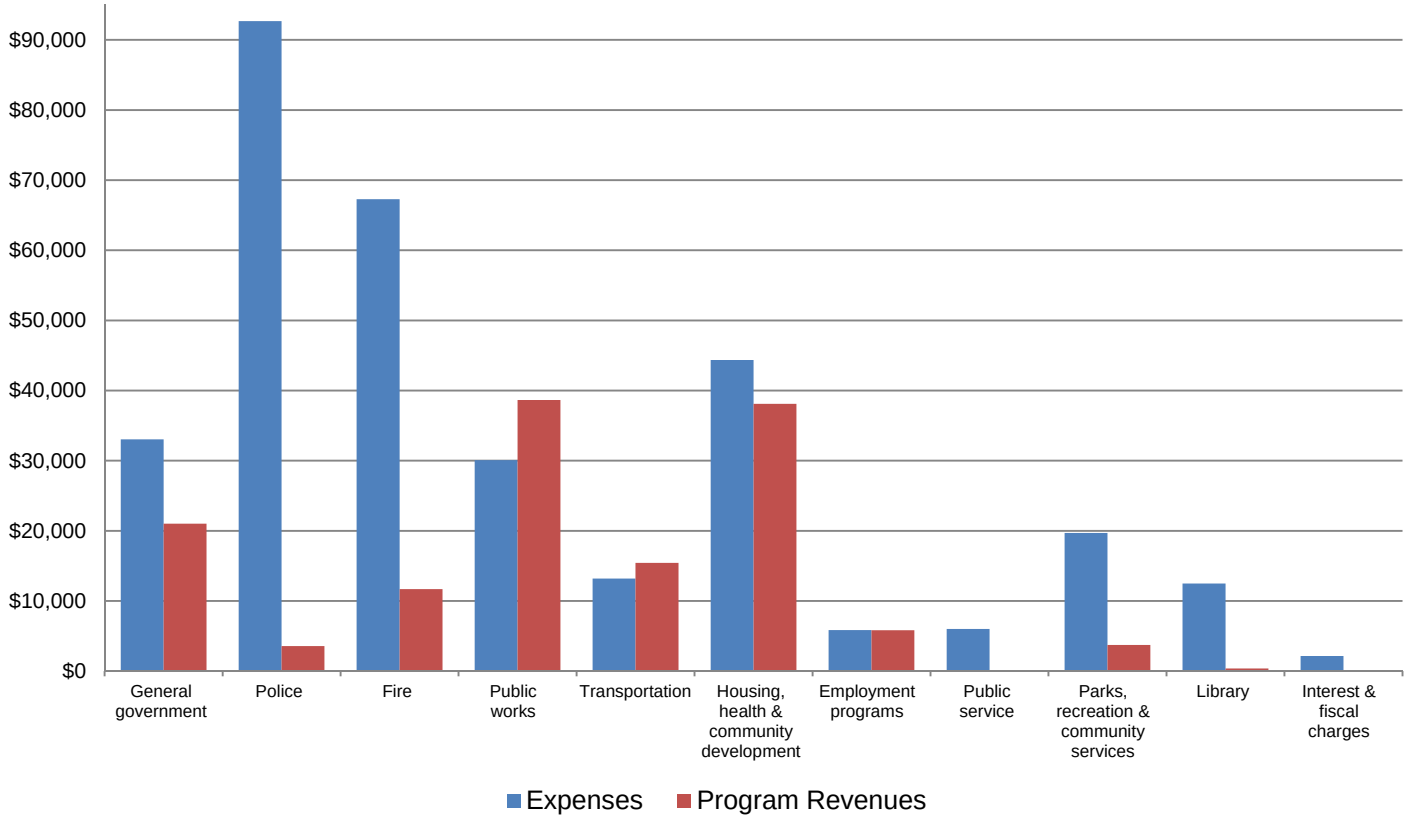
- Compared to prior fiscal year, property tax revenue increased by $3,228 (5.8%). The increase is attributable to the growth in home values and the strong real estate market in the City.

- Other taxes increased by $786 (3.7%) compared to prior fiscal year. The increase is mainly driven by landfill host assessments and transient occupancy tax. The landfill host assessment revenues increased because of the increased tonnage at the landfill. The transient occupancy tax increased because of the improved economy.

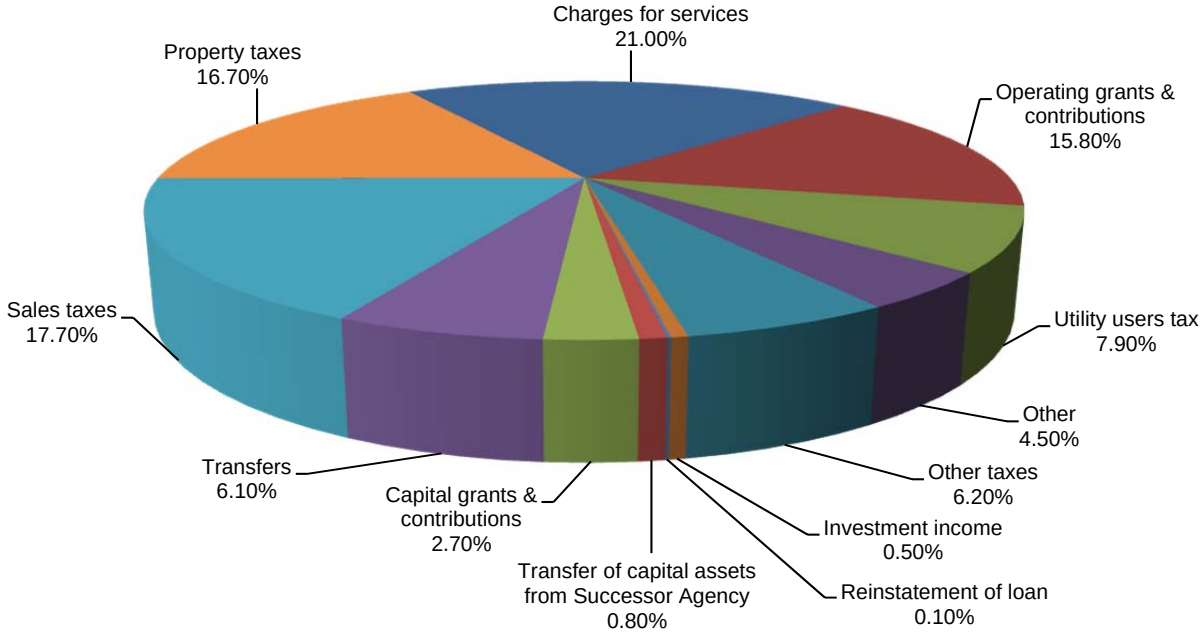
- Capital grants and contributions increased by $671 (7.6%) during the current fiscal year. The City received $1,411 new revenue in FY 2017-18 due to the passage of Senate Bill 1 (SB1) in April 2017. The increase from new revenue is offset by a decrease in the City's reimbursement from grants. The major contributor to the decrease in City's reimbursement from grant is Measure R Regional Grant. The City received $2,294 less in FY 2017-18 compare to FY 2016-17.

- Governmental activities expense increased by $28,933 (9.7%) during the current fiscal year. The increase is mostly driven by $25,592 of pension expenses. The decrease in discount rate from 7.65% in FY 2016-17 to 7.15% in FY 2017-18 is the main contributor to the increase of the pension expenses.

Expenses and Program Revenues – Governmental Activities



Revenues, Transfers, Special items, and Other increases by Source – Governmental Activities



City of Glendale's Change in Net Position
For the Fiscal Year Ended June 30,

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 73,492	65,445	309,820	307,259	383,312	372,704
Operating grants and contributions	55,448	56,317	72	207	55,520	56,524
Capital grants and contributions	9,447	8,776	12	61	9,459	8,837
General revenues:						
Taxes:						
Property taxes	58,445	55,217	-	-	58,445	55,217
Sales taxes	62,158	41,096	-	-	62,158	41,096
Utility users tax	27,805	28,605	-	-	27,805	28,605
Other taxes	21,784	20,998	-	-	21,784	20,998
Investment income	1,815	1,262	1,315	1,859	3,130	3,121
Other	15,748	22,377	9,693	8,559	25,441	30,936
Reinstatement of loans	328	206	-	-	328	206
Total revenues	326,470	300,299	320,912	317,945	647,382	618,244
Expenses:						
General government	33,037	29,958	-	-	33,037	29,958
Police	92,679	80,687	-	-	92,679	80,687
Fire	67,285	59,228	-	-	67,285	59,228
Public works	30,072	28,021	-	-	30,072	28,021
Transportation	13,196	14,215	-	-	13,196	14,215
Housing, health and community development	44,349	41,831	-	-	44,349	41,831
Employment program	5,848	6,099	-	-	5,848	6,099
Public service	5,999	6,751	-	-	5,999	6,751
Parks, recreation and community services	19,697	18,710	-	-	19,697	18,710
Library	12,485	9,590	-	-	12,485	9,590
Interest and fiscal charges	2,139	2,763	-	-	2,139	2,763
Fire communications	-	-	4,126	3,399	4,126	3,399
Sewer	-	-	20,383	16,697	20,383	16,697
Refuse disposal	-	-	20,844	19,448	20,844	19,448
Electric	-	-	188,573	186,772	188,573	186,772
Water	-	-	48,458	43,400	48,458	43,400
Total expenses	326,786	297,853	282,384	269,716	609,170	567,569
Excess before transfers and special item	(316)	2,446	38,528	48,229	38,212	50,675
Transfers	21,312	21,060	(21,312)	(21,060)	-	-
Special item: Transfer of capital assets from Successor Agency	2,744	15,117	-	-	2,744	15,117
Change in net position	23,740	38,623	17,216	27,169	40,956	65,792
Net position – Beginning of the year, as restated (Note 19)	876,166	845,856	677,957	650,788	1,554,123	1,496,644
Net position – End of the year	$ 899,906	884,479	695,173	677,957	1,595,079	1,562,436

Business-type activities. Business-type activities net position increased by $17,216. Key elements of this increase are as follows:

- Charges for services increased by $2,561 (0.8%) during the current fiscal year. The slight increase was primarily due to Water Fund's higher retail revenues reflecting its last phase of 4% rate increase with higher water consumption and putting the Water utility on its continued path to financial recovery. Electric Fund, Sewer Fund, Refuse Fund and Fire Communication Fund's charges for services remain stable compared to prior fiscal year.

- Operating and capital grants and contributions decreased by $184 (68.7%) during the current fiscal year. The decrease was primarily due to receiving less grant reimbursements compared to prior fiscal year as a result of full completion of the Enhanced Reduction/Coagulation/Filtration (RCF) Testing project funded by MWD in removing chromium 6 from drinking water, less grant reimbursements from CalRecycle to install recycling containers and less grant reimbursements from State of California for the Verdugo Communications Center residual funds.

- Investment income decreased by $544 (29.3%) during the current fiscal year as a result of a decline in the fair market value of investments.

- Other revenues increased by $1,134 (13.2%) during the current fiscal year. The increase was primarily due to higher miscellaneous revenue in Electric Fund as a result of increased collections on delinquent customer accounts and increased customer-paid revenues for mixed-use residential developments in the City.

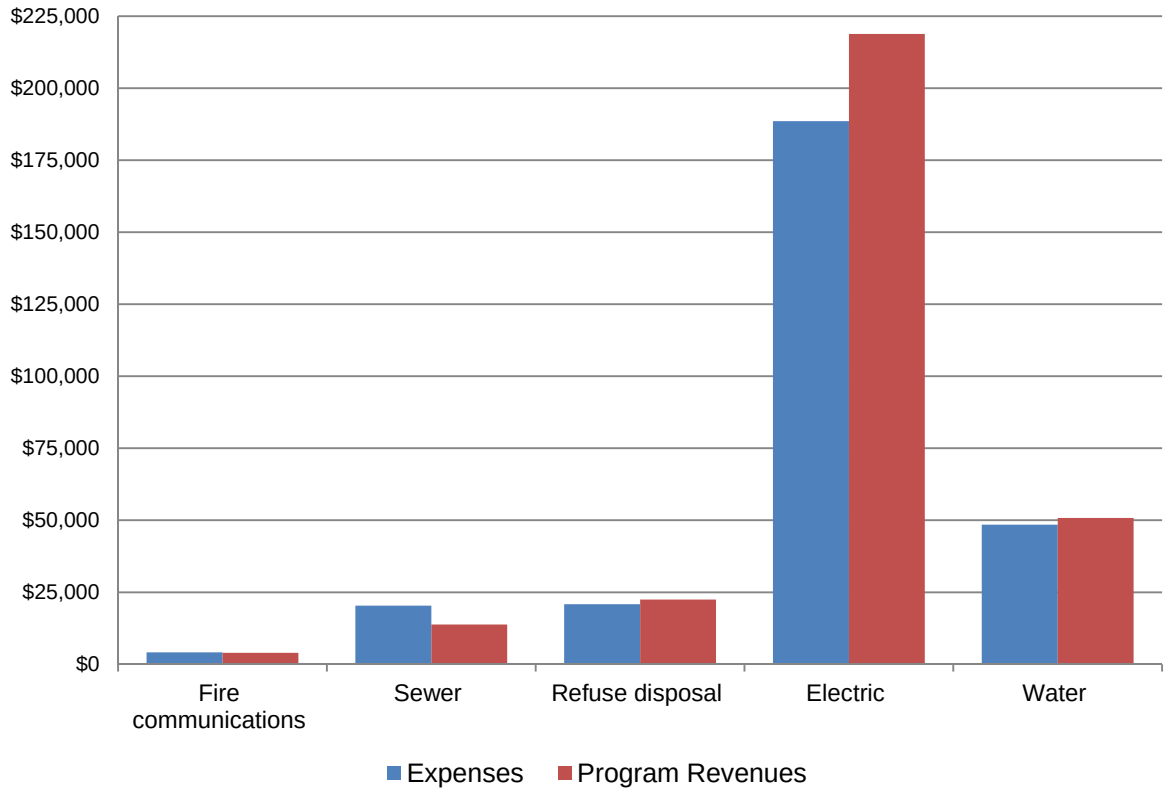
- Sewer Fund expense increased by $3,686 (22.1%) during the current fiscal year. The increase was mainly due to higher cost allocation charges and increased pension expenses as a result of a decrease in discount rate.

- Electric Fund expenses increased by $1,801 (1.0%) during the current fiscal year. The slight increase was mainly due to higher transmission & distribution and customer services expenses due to increased operation & maintenance activities, which offset the decrease in production expenses as a result of lower purchased power activity.

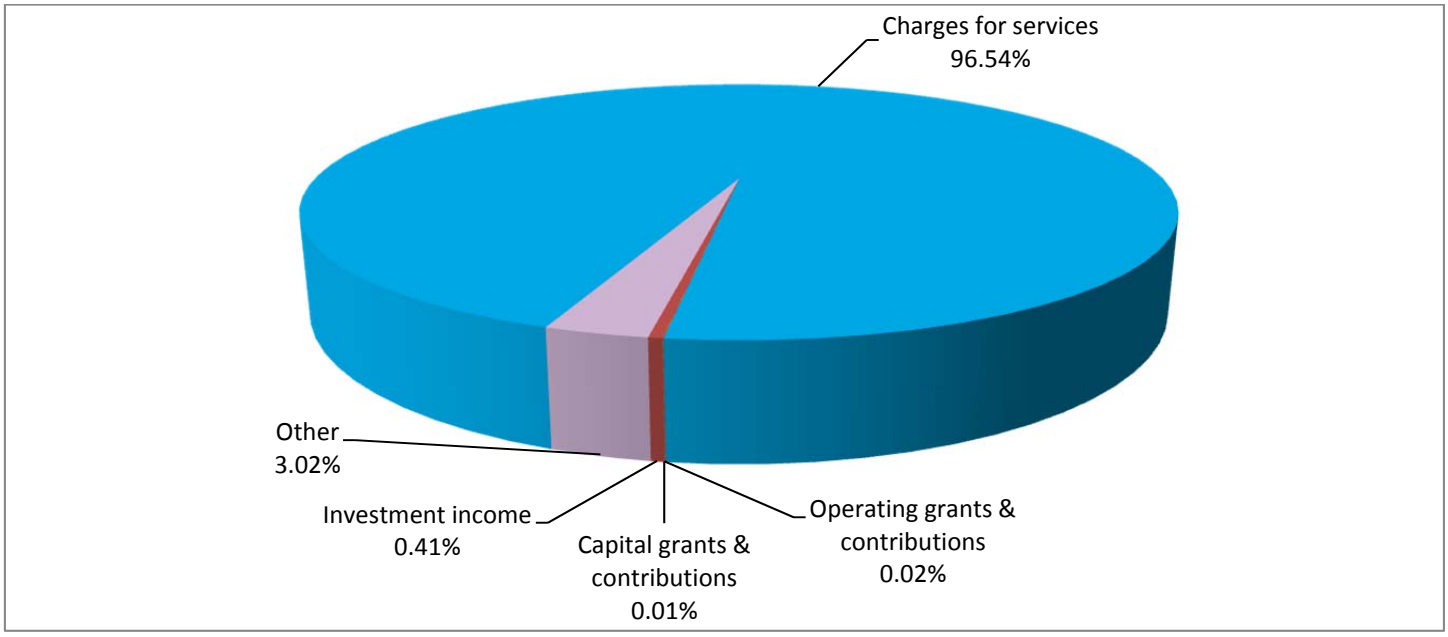
- Water Fund expenses increased by $5,058 (11.7%) during the current fiscal year. The increase was mainly due to higher transmission & distribution and customer services expenses due to increased operation and maintenance activities. The production expenses in general remained on par compared to prior year level.

- Other expenses increased by $2,123 (9.3%) during the current fiscal year. The increase was mainly due to higher cost allocation charges and increased pension expenses as a result of a decrease in discount rate in Refuse Fund and Fire Communication Fund.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $331,848, an increase of $43,917 in comparison with the prior year. About 12.9% of this total amount, $42,728, constituted unassigned fund balance, which was available for spending at the government's discretion. The remainder of fund balance in the amount of $289,120 was not available for new spending because it was either nonspendable, restricted, committed or assigned. Nonspendable fund balance was $2,850. Restricted fund balance was $193,182, which was constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation. Committed fund balance was $89,461, and the assigned fund balance was $3,627.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance and the City Charter Section 15 general reserve of the General Fund were $47,418 and $28,115, respectively, while total fund balance was $107,070. As a measure of the General Fund's liquidity, it may be useful to compare the total of City Charter Section 15 general reserve and unassigned fund balance to total fund expenditures. City Charter Section 15 general reserve and unassigned fund balance, totaling $75,533, represented about 34.5% of FY 2017-18 General Fund expenditures plus transfers, $218,792.

The fund balance of the City's General Fund had a net increase of $14,201 during the current fiscal year. This net increase is primarily due to the following reasons:

- Compared to prior fiscal year, property tax revenue increased by $3,228, which was mainly due to the growth in home values and the strong real estate market in the City.

- Compared to prior fiscal year, sales tax revenue increased by $18,868, which was mainly due to the outcome of a sales tax audit conducted by the California Department of Tax and Fee Administration (CDTFA) and the closing of a liability account and transferring the remaining revenues to the General Fund. This is further explained on Note 13 – Contingent Liabilities and Commitments: Certain Tax Revenues.

- Compared to prior fiscal year, other taxes revenue increased by $714, which was mainly due to higher landfill host assessments and transient occupancy tax. The landfill host assessment revenues increased because of the increased tonnage at the landfill. The transient occupancy tax increased because of the improved economy.

- Compared to prior fiscal year, licenses and permits increased by $649, which was mainly due to the revenue from planning and building permits. Because of strong housing market and increased demands for developments in the City, more planning and building permits were issued during the fiscal year.

- Compared to prior fiscal year, charge for services increased by $6,624, which was mainly due to the increase in emergency medical response revenue. Because of the closing of the Emergency Medical Services Fund into the General Fund effective June 30, 2017, the emergency medical response revenue is reported in the General Fund in FY 2017-18.

The Housing Assistance Fund (Section 8 grant) had a fund balance of $5,554, an increase of $465, compared to the prior fiscal year. The main reason was that the City spent less administrative expenditures than the earned administrative revenue due to efficient and effective administrative operations.

The Capital Improvement Fund had a fund balance of $23,917. In comparison with the prior fiscal year, the fund balance increased by $10,512. Compared to prior fiscal year, more revenues were received for two main reasons: (1) $1,066 more landfill royalty tipping fee because of increased tonnage at the landfill, and (2) a one-time transfer of $9,000 from the General Fund to finance capital improvement within the City.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, net position was composed of $204,673 for the Sewer Fund, $331,787 for the Electric Fund, $125,275 for the Water Fund, and $39,088 for the nonmajor enterprise funds.

The net position of the Sewer Fund decreased by $6,488 during the current fiscal year. The decrease was mainly attributable to lower single-family residential water usage during the winter months due to water conservation and increase in operating expenses due to new city cost allocation practice and increase in pension expenses mainly due to the decrease in discount rate from 7.65% in FY 2016-17 to 7.15% in FY 2017-18.

The net position of the Electric Fund increased by $15,883 during the current fiscal year. The increase in net position was mainly due to stable electric retail sales as the Electric Fund continued year 5 of the electric rate increase of 2% in FY 2017-18 and a slight increase in operating expenses due to higher transmission & distribution and customer accounting & sales costs.

The net position of the Water Fund increased by $4,478 during the current fiscal year. The increase in net position was due to higher water retail sales as the Water Fund continued year 4 of the water rate increase of 4% despite the absence of the drought rate revenue in FY 2017-18. The operating expenses increased compared to the prior year level due to increased transmission & distribution and customer services activities.

The net position of nonmajor enterprise funds increased by $767 during the current fiscal year. Although there is a positive net position change in the current fiscal year, the net position compared to previous fiscal year decreased mainly due to increase in pension expenses as a result of decrease in discount rate from FY 2016-17 to FY2017-18. The overall increase in net position was primarily attributable to continued stable operations of Refuse Disposal Fund in providing residents refuse collection and disposal services, as well as Fire Communication Fund in providing residents of its member cities an emergency coordinated assistance services.

General Fund Budgetary Highlights

In comparison to the FY 2017-18 final General Fund revenue budget, the actual revenues received had a net increase of $8,805. Some of the revenue categories such as property taxes, licenses and permits, and charges for services came in higher when compared with budget to actual revenues due to strong housing market and increased demand for development in the City. Additionally, there was a significant increase in sales tax category, which was mainly due to the outcome of the sales tax audit conducted by the California Department of Tax and Fee Administration (CDTFA) and closing of the liability account and transferring the remaining revenues to the General Fund. This is further explained on Note 13 - Contingent Liabilities and Commitments: Certain Tax Revenues. In contrast to these increases some of the revenue categories such as utility users tax, other taxes, and interfund revenues came short when compared with budget to actual revenues. It's worth noting that the decrease in telecommunication tax under the utility users tax category is mainly due to wireless customers shifting from conventional contracts to prepaid wireless services.

In FY 2017-18, the final expense budget increased by $17,256 in comparison to the original expense budget. The increase is driven by the following items: $3,855 for budget carryovers, $1,151 for salaried and hourly cost of living adjustments, $477 for firefighter recruit academy, $389 for Police and Fire's portion of the costs resulting from La Tuna Canyon Fire, $143 for downtown holiday trolley service, $330 for a ballot measure amending the City Charter relating to the date of the general municipal election, $270 for Police department to replace nine dispatch consoles, $489 to replace various Fire equipments and $9,000 transfer of General Fund to the Capital Improvement Fund to fund for the following projects: 1) Fremont Park Renovation and Design; 2) Central Park Block Project; 3) Maryland Street and Alley Improvements; 4) Purchase of Maryland Rental Units.

Compared to the FY 2017-18 final General Fund expense budget, the actual expenditures were underspent by $13,507. The variance is mainly due to salaries & benefits savings in the amount of $6,477 as a result of vacancies, expenditures for contractual services throughout various departments in the amount of $3,177, and capital outlay items in the amount of $1,272, which were not completed by the end of the fiscal year. Although much of the vacant positions have been eliminated in the General Fund, vacancies still exist across almost every department as a result of employee turnovers. Some of the major outstanding items or projects that contributed to the variance were the Laemmle project in the amount of $1,100 and the Central Block project in the amount of $238 under Economic Development, and the Central Library's radio frequency identification equipment in the amount of $97. The General Fund transfer was overspent by $101 due to the 1.75% transfer of sales tax revenue to the Capital Improvement Fund coming in higher than anticipated.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to $1,600,571 (net of $878,464 accumulated depreciation, $11,025 accumulated gas depletion and $49,526 accumulated amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 0.7%; this represents a 0.2% increase for governmental activities and a 2.1% decrease for business-type activities.

Major capital asset events during the current fiscal year included the following:

- In FY 2017-18, the City purchased 4 Dial a Ride vans and 2 Dial a Ride buses in the amount of $516, 2 Pierce Fire Engines in the amount of $1,379 and 2 Fire ambulances in the amount of $401.

- The following projects contributed to the increase in the capital and intangible assets in the Sewer Fund: $2,901 for Los Angeles-Glendale Water Reclamation Plant, $3,016 for Hyperion Wastewater System and $5,136 for Chevy Chase Sewer Diversion. The City is upgrading the Los Angeles – Glendale Water Reclamation Plant and Hyperion Wastewater Treatment Plant and Conveyance System Facilities to meet federal and state mandates. The Chevy Chase Sewer Diversion project is for constructing approximately 4,300 linear feet of gravity sewer pipeline.

- Electric Fund increased in capital assets is mostly driven by capital improvement projects such as $3,653 repowering of new gas units in Grayson Power Plant and $422 to replace the catalyst in Unit 9.

- The following capital improvement projects contributing to the capital assets increased in Water Fund: $935 for extension of the recycled water mains to Hoover High School, Eleanor Toll Middle School and Mark Keppel Elementary School. $902 for improvement of site and slope at various water facilities in order to insure the safety of GWP staff when accessing the facilities and to protect the facilities and adjacent properties for road and slope failures.

- The timely reviewing and closing of capital improvement projects resulted in a higher depreciation expense.

City of Glendale's Capital Assets

		Governmental Activities		Business-type Activities		Total	
		2018	2017	2018	2017	2018	2017
Land	$	421,820	421,748	9,557	9,557	431,377	431,305
Natural gas reserve		-	-	22,150	22,149	22,150	22,149
Buildings and improvements		413,513	400,720	276,064	271,976	689,577	672,696
Machinery and equipment		127,426	134,686	583,019	562,591	710,445	697,277
Infrastructure		325,498	324,734	156,433	152,130	481,931	476,864
Construction in progress		36,617	48,882	60,827	76,681	97,444	125,563
Intangible assets		1,001	-	105,661	102,644	106,662	102,644
Total capital assets		1,325,875	1,330,770	1,213,711	1,197,728	2,539,586	2,528,498
Less: Accumulated depreciation		(367,014)	(374,224)	(511,450)	(486,024)	(878,464)	(860,248)
Less: Accumulated gas depletion		-	-	(11,025)	(9,854)	(11,025)	(9,854)
Less: Accumulated amortization		(30)	-	(49,496)	(46,371)	(49,526)	(46,371)
Net of depreciation, depletion, and amortization	$	958,831	956,546	641,740	655,479	1,600,571	1,612,025

Additional information on the City's capital assets can be found in Note 6 on pages 68-69.

Long-term debt and liabilities. The City's total debt and liabilities decreased by $4,951 (1.2%) in FY 2017-18. The decrease was mainly due to a combination of items such as an increase of claims payable of $1,874; an increase of compensated absences of $1,530; and an increase of landfill postclosure care of $1,553; as well as decreases in other debt through regular annual debt retirements.

City of Glendale's Debt and Liabilities

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Claims payable	$ 53,268	51,394	-	-	53,268	51,394
Compensated absences	22,584	21,395	6,450	6,109	29,034	27,504
Landfill postclosure care	48,612	47,059	-	-	48,612	47,059
Certificates of Participation (COPs)	31,880	33,785	-	-	31,880	33,785
Other long-term liabilities:						
Capital Lease-Fire equipment lease 2009 – Wells Fargo	-	262	-	-	-	262
2011 HUD Section 108 loan	908	1,111	-	-	908	1,111
Loans payable	594	-	-	-	594	-
Total other long-term liabilities	1,502	1,373	-	-	1,502	1,373
Bonds payable:						
Electric Revenue Bonds, 2008 series	-	-	-	1,880	-	1,880
Electric Revenue Bonds, 2013 refunding series	-	-	21,403	22,539	21,403	22,539
Electric Revenue Bonds, 2013 series	-	-	60,020	61,307	60,020	61,307
Electric Revenue Bonds, 2016 refunding series	-	-	85,127	87,085	85,127	87,085
Water Revenue Bonds, 2008 series	-	-	43,655	45,089	43,655	45,089
Water Revenue Bonds, 2012 series	-	-	35,096	35,533	35,096	35,533
Total bonds payable	-	-	245,301	253,433	245,301	253,433
Total long-term debt and liabilities	$ 157,846	155,006	251,751	259,542	409,597	414,548

Credit ratings

Municipal bond ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. In general, the credit rating analysis includes the evaluation of the relative strengths and weaknesses of the following four factors as they affect an issuer's ability to pay debt and service: fiscal, economic, debt and administrative/management factors. The City continues to receive high general credit ratings from all three national rating agencies, despite the difficult financial and economic conditions the national and local economy has been faced with and continues to have a strong capacity to meet its financial commitments on obligations.

The City's bond ratings as of June 30, 2018 are as follows:

Debt Issue	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
Issuer credit rating (Implied General Obligation)	Aa2	AA+	AA+
Certificates of Participation (COPs)	Aa3	-	AA
Electric revenue bonds, 2013 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2013 series	Aa3	AA-	A+
Electric revenue bonds, 2016 refunding series	-	AA-	A+
Water revenue bonds, 2008 series	A1	A+	A+
Water revenue bonds, 2012 series	A1	A+	A+

Electric revenue bonds, 2008 series were fully redeemed on February 1, 2018.

Legal Debt Margins

Under the City Charter, the total bonded debt of the city shall at no time exceed 15% of the net assessed value of all real and personal property within the City limits ("debt limit"). General obligation debt is debt secured by the City's property tax revenues. As of June 30, 2018, the City's net assessed value of taxable property was $24.2 billion and has no general obligation debt.

Debt Administration

Finance works to ensure that the City meets its debt administration obligations to:

- Pay debt service timely;
- Monitor trustee-held accounts and guaranteed investment contracts;
- Comply with bond covenants and Internal Revenue Service (IRS) rules and regulations;
- Provide continuing disclosure and other reports to the municipal bond market;
- Manage liquidity and credit enhancement contracts.

Continuing Disclosure

On November 10, 1994, the Securities and Exchange Commission ("SEC") adopted amendments to existing federal regulations ("Rule 15c-12" or the "Rule") under which municipalities issuing securities on or after July 3, 1995 are required to:

- Prepare official statements meeting current requirements of the Rule;
- Annually file certain financial information and operating data with national and state repositories;
- Prepare announcements of the significant events enumerated in the Rule.

As of June 30, 2018, the City had 5 series of bonds subject to Continuing Disclosure requirements. The City prepares the Continuing Disclosure (financial and operating information) for its 5 series bonds and engaged a dissemination agent, the Trustee to disseminate such disclosures. These disclosures are disseminated through the use of Electronic Municipal Market Access ("EMMA"), the Municipal Securities Rulemaking Board's ("MSRB") disclosure website. Timely and accurate communication with the municipal marketplace is vital in retaining the City's creditworthiness and market access. Continuing Disclosure and compliance reporting constitute a significant part of Debt Management's compliance activity for the life of each series of bonds.

Additional information on the City's long-term debt can be found in Note 8 on pages 70-75 of this report.

Economic Factors and Next Year's Budget and Rates

Over the upcoming years, the U.S. economy is expected to remain on a fairly steady growth, and with continued job advancement and low unemployment rates, consumer spending is expected to stay on an upward trail for FY 2018-19. With the recent tax overhaul, and assuming that consumers indeed see increased annual after-tax earnings, personal consumption expenditures are expected to grow by 1.8% during 2018, a slight drop from the 2.7% growth of 2017. Combined with concerns surrounding political uncertainty, and at the same time, optimism for a healthy and growing economy, economists project a 2.3% growth in GDP for 2018, slightly down from a 2.4% increase in 2017.

California remains the largest economy when compared to any other state in the U.S. (14.1% of total U.S. GDP) and it is forecasted to grow an additional 2.7% during 2018, which is faster than the nation's projected growth of 2.3%. However, even with the stable growth in GDP, California's economy has slowed down from the years of 2014 and 2015 when the growth rate was close to 4.0%. Over the duration of 2017, almost all major industry sectors in California have increased in number of jobs. At the forefront of private sector job growth are the healthcare, hospitality, and construction industries. For the manufacturing and natural resources industries, although the sectors continue to shed jobs annually, they are expected to stabilize and add jobs in the upcoming years. In consideration to these assumptions, California's unemployment rate is expected to continue its gradual decline from 4.8% in 2017 to 4.4% in 2018. With continued improvements in the labor market, personal income should increase by 2.9% with persistent growth forecasted for 2018.

More locally, Los Angeles County is expected to experience further improvements to its unemployment rate, dropping from 4.6% in 2017 to 4.3% in 2018. It is forecasted that all industry sectors will be adding jobs over the upcoming two years with the strongest in the private sector being the healthcare, hospitality, Administrative, Construction, and Retail Trade. With this, total personal income across the county is expected to increase by 2.9% in 2018, slightly down from 3.8% in 2017. As for the housing market, the median home price in Los Angeles County has experienced an increase of 8.0% in 2017 and is forecasted to see an additional increase of 5.6% in 2018.

The City's FY 2018-19 Budget incorporates the policy direction of the City Council for services and programs to address the needs of the community, which is structurally balanced with projected resources available to support all projected expenditures. The total budget for FY 2018-19 is $887,300 and includes all City funds, departments and programs.

The General Fund's budget is $227,800 from which the City pays for services commonly associated with local government: police and fire services, libraries, parks, public works, and administration. FY 2018-19 General Fund budget reflects an anticipated surplus of $1,600. This is a vast improvement relative to FY 2017-18 when the City adopted with a budget gap of $629.

The FY 2018-19 General Fund adopted budget reflects an increase of $12,700, when compared to FY 2017-18 adopted budget. The increase in the Salaries & Benefits category included $2,150 for program and service level adjustments in personnel costs that were added across multiple General Fund departments, and $1,800 for Worker's Compensation which is mainly due to an increase in the safety internal service fund rates. The increase in Salaries & Benefits is also the result of a budgeted $6,300 increase in PERS costs (net of employee cost sharing). CalPERS' sustained significant investment losses during the Great Recession, the impacts of which continue to reverberate through just about every government agency in the state. Hence, Glendale is not alone in seeing higher employer costs from CalPERS due to the City's obligation to pick up the partial tab for those investment losses and CalPERS' low returns in subsequent years. Due to the recent adoption of more conservative actuarial and investment policies by the CalPERS Board (e.g. lowering their anticipated rate of return and extending the life expectancy of annuitants), the City has been advised by our outside actuary to continue to expect increases to our annual costs going forward. These risk mitigation policies will eventually rebuild the CalPERS fund and lower the burden on local governments that have committed to provide reasonable retirements for their employees.

With rising PERS costs, the City Council took a proactive step to address the matter by voting to establish a Pension Rate Stabilization Trust (i.e. a Section 115 Trust) at the time of the FY 2017-18 budget adoption, and approved for a deposit of funding in July 2017. Glendale joined a group of more than 80 public agencies across the state to have adopted this rate-stabilization strategy. Since the establishment of the trust, City Council has authorized the deposit of $26,500 of one-time surplus revenues. This decision demonstrates the City Council's intent to keep rising PERS costs at a containable level—ideally below 20% of the Adopted General Fund Budget. City staff is actively assessing other strategies to address the trend in rising PERS costs and will work to implement more solutions in the coming years.

For FY 2018-19, the Adopted Budget for the Special Revenue Funds reflects an increase of $12,600 when compared to the FY 2017-18 Adopted Budget. The most notable of these increases include $5,500 in the Housing Assistance Fund due to an increase in anticipated revenue to be received, and a $2,800 increase to support transit projects funded by the Measure R Sub-regional Return Fund.

As for the City's Capital Improvement Program Funds, there is an increase of $12,400 compared to FY 2017-18 primarily due to the increase in the General Fund's support of the City's Capital Improvement Program in the amount of $10,200. The majority of this funding is from one-time sales tax money that was received through an audit performed by the State of California. Some of the major and exciting projects that are in store for the City of Glendale includes the design and enhancement of the Artsakh Paseo and Alley, the renovation of Fremont Park, and the master design of the Central Park block.

For the Internal Service Funds, there is a net increase of $6,500 compared to FY 2017-18. The major increases are attributable to a $2,000 increase in the Fleet/Equipment Management Fund due to requests for more capital outlay, vehicle maintenance and equipment, and a $4,900 increase in the ISD Infrastructure Fund due to an increase in project appropriation. Aging technology infrastructure supported by the ISD Funds and the need to fund future replacement of vehicles in the Fleet/Equipment Replacement Fund continue to pose financial challenges that need to be addressed in the coming years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

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Exhibit A-1
CITY OF GLENDALE
Statement of Net Position
June 30, 2018 (in thousands)

		Governmental Activities	Business-type Activities	Total
Assets and deferred outflows of resources				
Current assets:				
Pooled cash and investments	$	402,337	202,716	605,053
Cash and investments with fiscal agent		52	8,648	8,700
Investment-gas/electric commodity		-	1,500	1,500
Interest receivable		1,933	1,441	3,374
Accounts receivable, net		33,210	39,167	72,377
Internal balances		(800)	800	-
Inventories		396	6,955	7,351
Prepaid items		4,489	11,460	15,949
Total current assets		441,617	272,687	714,304
Noncurrent assets:				
Capital assets, net of depreciation:				
Land		421,820	9,557	431,377
Natural gas reserve		-	11,125	11,125
Buildings and improvements		243,760	171,012	414,772
Machinery and equipment		39,979	232,300	272,279
Infrastructure		215,684	100,754	316,438
Construction in progress		36,617	60,827	97,444
Intangible		971	56,165	57,136
Total capital assets		958,831	641,740	1,600,571
Designated cash and investments		-	135,400	135,400
Restricted cash and investments		59,455	5,669	65,124
Loans receivable		30,495	-	30,495
Property held for resale		981	-	981
Total noncurrent assets		1,049,762	782,809	1,832,571
Total assets		1,491,379	1,055,496	2,546,875
Deferred outflows of resources:				
Deferred outflows related to pensions		113,907	28,027	141,934
Loss on refunding		-	4,571	4,571
Deferred outflows related to OPEB		507	-	507
Total deferred outflows of resources		114,414	32,598	147,012
Total assets and deferred outflows of resources	$	1,605,793	1,088,094	2,693,887

(Continued)

Exhibit A-1
CITY OF GLENDALE
Statement of Net Position
June 30, 2018 (in thousands)

		Governmental Activities	Business-type Activities	Total
Liabilities, deferred inflows of resources and net position				
Current liabilities:				
Accounts payable	$	18,401	18,476	36,877
Accrued wages and withholding		9,675	3,424	13,099
Interest payable		101	4,364	4,465
Claims payable		14,369	-	14,369
Compensated absences		2,433	704	3,137
Certificates of participation		1,985	-	1,985
Bonds payable		-	8,068	8,068
Unearned revenues		580	-	580
Deposits		6,806	5,024	11,830
Other liabilities		806	-	806
Total current liabilities		55,156	40,060	95,216
Noncurrent liabilities:				
Claims payable		38,899	-	38,899
OPEB liability		15,738	-	15,738
Compensated absences		20,151	5,746	25,897
Landfill postclosure		48,612	-	48,612
Net pension liability		474,784	105,391	580,175
Certificates of participation		29,895	-	29,895
Bonds payable		-	237,233	237,233
Other liabilities		696	-	696
Total noncurrent liabilities		628,775	348,370	977,145
Total liabilities		683,931	388,430	1,072,361
Deferred inflows of resources:				
Deferred inflows related to pensions		20,363	4,491	24,854
Deferred inflows related to OPEB		1,593	-	1,593
Total deferred inflows of resources		21,956	4,491	26,447
Total liabilities and deferred inflows of resources		705,887	392,921	1,098,808
Net position:				
Net investment in capital assets		926,357	401,010	1,327,367
Restricted				
City Charter - Sec. 15 general reserve		28,115	-	28,115
Pension stabilization		27,605	-	27,605
Federal and state grants		6,854	-	6,854
Public safety		2,594	-	2,594
Youth employment		44	-	44
Transportation		30,324	-	30,324
Landscaping district		207	-	207
Low and moderate housing		20,459	-	20,459
Air quality improvement		518	-	518
SCAQMD emission controls		-	5,669	5,669
Cable access		3,401	-	3,401
Electric public benefit AB1890		5,146	-	5,146
State gas tax mandates		4,405	-	4,405
Capital projects		38,884	-	38,884
Unrestricted		(195,007)	288,494	93,487
Total net position	$	899,906	695,173	1,595,079

See accompanying notes to basic financial statements

Exhibit A-2
CITY OF GLENDALE
Statement of Activities
Fiscal Year Ended June 30, 2018 (in thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$ 33,037	20,810	36	180	(12,011)	-	(12,011)
Police	92,679	1,487	1,755	328	(89,109)	-	(89,109)
Fire	67,285	9,672	1,982	35	(55,596)	-	(55,596)
Public works	30,072	29,117	1,072	8,453	8,570	-	8,570
Transportation	13,196	7,115	8,313	-	2,232	-	2,232
Housing, health and community development	44,349	177	37,893	46	(6,233)	-	(6,233)
Employment programs	5,848	1,691	3,894	225	(38)	-	(38)
Public service	5,999	-	-	-	(5,999)	-	(5,999)
Parks, recreation and community services	19,697	3,285	335	113	(15,964)	-	(15,964)
Library	12,485	138	168	67	(12,112)	-	(12,112)
Interest and fiscal charges	2,139	-	-	-	(2,139)	-	(2,139)
Total governmental activities	326,786	73,492	55,448	9,447	(188,399)	-	(188,399)
Business-type activities:							
Fire communications	4,126	3,984	3	-	-	(139)	(139)
Sewer	20,383	13,806	-	-	-	(6,577)	(6,577)
Refuse disposal	20,844	22,417	69	-	-	1,642	1,642
Electric	188,573	218,842	-	-	-	30,269	30,269
Water	48,458	50,771	-	12	-	2,325	2,325
Total business-type activities	282,384	309,820	72	12	-	27,520	27,520
Total primary government	$ 609,170	383,312	55,520	9,459	(188,399)	27,520	(160,879)

General revenues:			
Taxes:			
Property taxes	$ 58,445	-	58,445
Sales taxes	62,158	-	62,158
Utility users tax	27,805	-	27,805
Other taxes	21,784	-	21,784
Investment income	1,815	1,315	3,130
Other	15,748	9,693	25,441
Reinstatement of loans	328	-	328
Transfers	21,312	(21,312)	-
Special item:			
Transfer of capital assets from Successor Agency	2,744	-	2,744
Total general revenues, transfers and special item	212,139	(10,304)	201,835
Change in net position	23,740	17,216	40,956
Net position, July 1, as restated	876,166	677,957	1,554,123
Net position, June 30	$ 899,906	695,173	1,595,079

See accompanying notes to basic financial statements

Exhibit B-1
CITY OF GLENDALE
Balance Sheet
Governmental Funds
June 30, 2018 (in thousands)

		Major Funds			
		General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	$	78,002	3,194	22,704	169,859	273,759
Cash and investments with fiscal agent		-	-	-	52	52
Restricted cash and investments		27,605	-	-	31,850	59,455
Interest receivable		454	12	-	680	1,146
Accounts receivable, net		14,833	193	1,834	13,077	29,937
Due from other funds		5,493	-	-	-	5,493
Inventories		189	-	-	-	189
Prepaid items		116	2,498	-	47	2,661
Loans receivable		23,271	-	-	-	23,271
Property held for resale		-	-	-	981	981
Total assets		149,963	5,897	24,538	216,546	396,944
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable		5,597	91	595	7,533	13,816
Due to other funds		-	-	-	5,278	5,278
Loans payable		-	-	-	594	594
Interest payable		-	-	-	92	92
Wages and benefits payable		7,441	127	26	1,068	8,662
Unearned revenues		-	-	-	580	580
Deposits		6,584	-	-	222	6,806
Total liabilities		19,622	218	621	15,367	35,828
Deferred inflows of resources:						
Unavailable revenues		23,271	125	-	5,872	29,268
Total liabilities and deferred inflows of resources	$	42,893	343	621	21,239	65,096

(Continued)

Exhibit B-1
CITY OF GLENDALE
Balance Sheet
Governmental Funds
June 30, 2018 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	$ 189	-	-	-	189
Prepaid	116	2,498	-	47	2,661
Restricted for:					
Property held for resale	-	-	-	981	981
City Charter - Sec. 15 general reserve	28,115	-	-	-	28,115
Pension stabilization	27,605	-	-	-	27,605
Federal and state grants	-	3,056	-	3,798	6,854
Public safety	-	-	-	2,594	2,594
Youth employment	-	-	-	44	44
Transportation	-	-	-	30,324	30,324
Landscaping district	-	-	-	207	207
Low and moderate housing	-	-	-	12,254	12,254
Air quality improvement	-	-	-	518	518
Cable access	-	-	-	3,401	3,401
Electric public benefit AB1890	-	-	-	5,146	5,146
State gas tax mandates	-	-	-	4,405	4,405
Landfill postclosure	-	-	-	31,850	31,850
Capital projects	-	-	-	38,884	38,884
Committed to:					
Debt service	-	-	-	16,429	16,429
Urban art	-	-	-	6,974	6,974
Public safety	-	-	-	333	333
Impact fee funded projects	-	-	-	24,565	24,565
Capital projects	-	-	23,917	-	23,917
Filming	-	-	-	945	945
Recreation	-	-	-	3,775	3,775
Hazardous Materials	-	-	-	2,885	2,885
Parking	-	-	-	9,638	9,638
Assigned to:					
Economic development	3,530	-	-	-	3,530
Capital projects	97	-	-	-	97
Unassigned:	47,418	-	-	(4,690)	42,728
Total fund balances	107,070	5,554	23,917	195,307	331,848
Total liabilities, deferred inflows of resources and fund balances	$ 149,963	5,897	24,538	216,546	396,944

See accompanying notes to basic financial statements

Exhibit B-2
CITY OF GLENDALE
Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2018 (in thousands)

Fund balances of governmental funds		$ 331,848
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not included as financial resources in the governmental funds:		
Land	$ 421,820	
Buildings and improvements	243,588	
Equipment	17,077	
Infrastructure	215,684	
Intangible	584	
Construction in progress	29,110	927,863
Long-term debt not included in the governmental funds:		
Due within one year:		
Certificates of participation	(1,985)	
2011 HUD Section 108 loan	(212)	(2,197)
Due more than one year:		
Certificates of participation	(29,895)	
Landfill postclosure	(48,612)	
2011 HUD Section 108 loan	(696)	(79,203)
Accrued interest payable for the current portion of interest due is not included in the governmental funds:		
2011 HUD Section 108 loan		(8)
Unavailable revenue in the governmental funds is revenue in the statement of activities		29,268
Loans receivable housing long term - non-forgiven portion		7,224
Deferred outflows of resources related to pensions		113,907
Deferred inflows of resources related to pensions		(20,363)
Net pension liability		(474,784)
Deferred outflows of resources related to OPEB		507
Deferred inflows of resources related to OPEB		(1,593)
OPEB liability		(15,738)
Internal service funds are used to charge the cost of certain activities to individual funds, such as self insurance, and post employment benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position:		
Other improvements, net	172	
Equipment, net	22,901	
Intangibles, net	388	
Construction in progress	7,508	
Other assets and liabilities, net	52,206	83,175
Net position of governmental activities		$ 899,906

Exhibit C-1

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2018 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 58,445	-	-	-	58,445
Sales tax	57,703	-	-	4,455	62,158
Utility users tax	27,805	-	-	-	27,805
Other taxes	14,660	-	-	7,124	21,784
Revenue from other agencies	694	31,954	-	37,656	70,304
Licenses and permits	10,914	-	-	2,826	13,740
Fines and forfeitures	2,548	-	-	2,752	5,300
Charges for services	10,575	-	6,543	22,844	39,962
Use of money and property	9,126	51	-	989	10,166
Interfund revenue	17,410	-	-	-	17,410
Miscellaneous revenue	1,801	29	-	2,494	4,324
Total revenues	211,681	32,034	6,543	81,140	331,398
Expenditures:					
Current:					
General government	28,282	-	-	584	28,866
Police	80,531	-	-	2,042	82,573
Fire	56,976	-	60	3,140	60,176
Public works	13,849	-	986	8,709	23,544
Transportation	-	-	-	14,271	14,271
Housing, health and community development	3,910	31,569	-	5,500	40,979
Employment programs	-	-	-	5,680	5,680
Public service	-	-	-	5,951	5,951
Parks, recreation and community services	12,348	-	156	4,139	16,643
Library	10,161	-	58	1,010	11,229
Capital outlay	669	-	2,975	12,546	16,190
Debt service:					
Interest	-	-	-	583	583
Principal	-	-	-	2,108	2,108
Total expenditures	206,726	31,569	4,235	66,263	308,793
Excess of revenues over expenditures	4,955	465	2,308	14,877	22,605
Other financing sources (uses):					
Transfers in	21,312	-	10,204	3,862	35,378
Transfers out	(12,066)	-	(2,000)	-	(14,066)
Total other financing sources (uses)	9,246	-	8,204	3,862	21,312
Net change in fund balances	14,201	465	10,512	18,739	43,917
Fund balances, July 1	92,869	5,089	13,405	176,568	287,931
Fund balances, June 30	$ 107,070	5,554	23,917	195,307	331,848

See accompanying notes to basic financial statements

Exhibit C-2

CITY OF GLENDALE

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Fiscal Year Ended June 30, 2018 (in thousands)

Net change in fund balances - total governmental funds		$ 43,917
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures		18,464
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization expenses		(20,751)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation	$ 1,905	
2011 HUD Section 108	203	2,108
Landfill postclosure care liability increased from prior year		(1,553)
Unavailable revenue in the governmental funds are recognized as revenues in the statement of activities		(370)
Governmental funds report OPEB benefits paid to retirees as expenditures. However, in the statement of activities, OPEB expense is measured as the change in total OPEB liability and the amortization of deferred outflows and inflows related to OPEB. This amount represents the net change in OPEB related amounts		154
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts		(20,623)
Accrued interest 2011 Section 108 loan		(1)
Reinstatement of loans from former Redevelopment Agency to the City		328
Payment of loans from former Redevelopment Agency to the City		(4,885)
Transfer of capital assets from Successor Agency		2,744
Change in net position of internal service funds allocated to governmental activities:		
Capital assets	2,827	
Depreciation	(1,890)	
Amortization	(9)	
Interest - Fire Equipment Lease 2009	(4)	
Other revenue/(expenses)	3,284	4,208
Change in net postion for governmental activities		$ 23,740

See accompanying notes to basic financial statements

Exhibit D-1
CITY OF GLENDALE
Statement of Revenues and Other Financing Sources - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Property taxes	$	56,229	57,429	58,445	1,016
Sales taxes:					
Sales tax		39,111	40,111	46,801	6,690
Sales tax audit findings		-	9,000	9,000	-
State 1/2% sales tax		1,905	1,905	1,902	(3)
Total		41,016	51,016	57,703	6,687
Utility users tax		30,054	29,354	27,805	(1,549)
Other Taxes:					
Franchise tax		2,800	2,800	2,406	(394)
Occupancy tax		8,059	8,059	6,999	(1,060)
Property transfer tax		1,000	1,100	1,251	151
Landfill host assessment		3,000	3,500	4,004	504
Total		14,859	15,459	14,660	(799)
Licenses and permits:					
Dog licenses		150	150	170	20
Building permits		5,700	5,700	6,330	630
Green building initiative SB 1473		-	-	1	1
American Disability Act SB 1186		-	-	11	11
Plan check fees		400	400	443	43
Planning permits		1,470	1,600	1,923	323
Grading permits		102	102	125	23
Street permits		1,000	1,000	1,109	109
Business license permits		575	575	628	53
Business registration license		200	200	174	(26)
Total		9,597	9,727	10,914	1,187
Fines and forfeitures-traffic safety fines		2,622	2,522	2,548	26
Use of money and property:					
Interest and investment revenue		1,020	1,020	2,474	1,454
Interest and investment GASB 31		-	-	(1,242)	(1,242)
Landfill gas royalties		2,475	2,475	2,473	(2)
Rental income		550	550	536	(14)
Loan repayment		4,885	4,885	4,885	-
Total		8,930	8,930	9,126	196
Revenue from other agencies:					
State grants		12	12	-	(12)
State SB 90		100	100	130	30
Motor vehicle in lieu fee		-	-	106	106
Special fire revenue		-	-	376	376
Local grants		-	50	82	32
Total	$	112	162	694	532

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2018 (in thousands)

		Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Miscellaneous revenue:					
Donations and contributions	$	-	-	15	15
Sponsorships		45	45	60	15
Advertising revenue		130	130	120	(10)
Miscellaneous revenue		1,281	1,281	1,606	325
Total		1,456	1,456	1,801	345
Charges for services:					
Zoning subdivision fees		200	200	197	(3)
City clerk fees		-	-	1	1
Map and publication fees		90	90	68	(22)
Filing-certification fee		20	20	34	14
Special police fees		800	800	981	181
Vehicle tow admin cost recovery (VTACR)		450	450	444	(6)
Fire fees		1,274	1,274	1,428	154
Emergency medical response		5,150	5,150	5,877	727
Paramedic membership fee		90	90	100	10
Code enforcement fees		40	40	80	40
Administrative citations		40	40	84	44
Outreach revenue		30	30	13	(17)
Express plan check fees		425	425	769	344
Final map checking fees		-	-	3	3
Excavation fees		224	224	229	5
Construction inspection fees		154	154	125	(29)
Collectible jobs		35	35	27	(8)
Library fines and fees		90	90	48	(42)
Program/registration revenue		11	11	10	(1)
Credit/Debit card service fee		100	100	74	(26)
Merchant fee charges		(100)	(100)	(58)	42
Graphics fees		100	100	40	(60)
Total		9,223	9,223	10,575	1,352
Interfund revenue:					
Charges to enterprise funds for:					
Benefits cost recovery		500	-	-	-
Cost allocation revenue		17,600	17,600	17,410	(190)
Total		18,100	17,600	17,410	(190)
Other financing sources:					
Transfers in		21,310	21,310	21,312	2
Total revenues and transfers	$	213,508	224,188	232,993	8,805

See accompanying notes to basic financial statements

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Salaries and Benefits			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	$	700	713	620	93
Elections		43	44	3	41
City treasurer		640	651	642	9
City manager		3,157	3,200	3,004	196
Innovation, performance and audit		1,119	1,131	879	252
Legal		3,400	3,452	3,247	205
Finance		4,004	4,085	3,785	300
Planning		8,316	8,476	8,358	118
Personnel		2,352	2,342	2,046	296
Non-departmental		-	-	-	-
Total		23,731	24,094	22,584	1,510
Police		67,251	67,496	66,043	1,453
Fire		48,423	49,334	47,850	1,484
Public works		6,257	6,415	5,532	883
Housing, health and community development:					
Economic development		1,641	1,669	1,336	333
Community development administration		1,594	1,623	1,295	328
Total		3,235	3,292	2,631	661
Parks, recreation and community services		7,130	7,291	6,981	310
Library		6,602	6,724	6,548	176
Total expenditures and transfers	$	162,629	164,646	158,169	6,477

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Maintenance and Operation			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	$	279	292	160	132
Elections		404	734	230	504
City treasurer		112	187	133	54
City manager		1,219	1,357	1,061	296
Innovation, performance and audit		134	134	70	64
Legal		294	294	229	65
Finance		996	1,146	915	231
Planning		3,034	3,673	2,393	1,280
Personnel		645	695	507	188
Non-departmental		-	-	-	-
Total		7,117	8,512	5,698	2,814
Police		13,370	13,437	14,488	(1,051)
Fire		9,797	10,153	9,126	1,027
Public works		8,643	8,915	8,317	598
Housing, health and community development:					
Economic development		1,387	2,877	992	1,885
Community development administration		201	266	287	(21)
Total		1,588	3,143	1,279	1,864
Parks, recreation and community services		5,259	5,605	5,367	238
Library		3,934	3,982	3,613	369
Total expenditures and transfers	$	49,708	53,747	47,888	5,859

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

	Capital Outlay			
	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:				
City clerk	$ -	-	-	-
Elections	-	-	-	-
City treasurer	-	-	-	-
City manager	-	20	20	-
Innovation, performance and audit	-	-	-	-
Legal	-	-	-	-
Finance	-	-	-	-
Planning	-	-	-	-
Personnel	-	-	-	-
Non-departmental	-	-	-	-
Total	-	20	20	-
Police	-	343	24	319
Fire	126	572	50	522
Public works	-	-	-	-
Housing, health and community development:				
Economic development	-	397	25	372
Community development administration	-	-	-	-
Total	-	397	25	372
Parks, recreation and community services	-	49	48	1
Library	-	560	502	58
Total expenditures and transfers	$ 126	1,941	669	1,272

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Transfers			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	$	-	-	-	-
Elections		-	-	-	-
City treasurer		-	-	-	-
City manager		-	-	-	-
Innovation, performance and audit		-	-	-	-
Legal		-	-	-	-
Finance		-	-	-	-
Planning		-	-	-	-
Personnel		-	-	-	-
Non-departmental		2,580	11,965	12,066	(101)
Total		2,580	11,965	12,066	(101)
Police		-	-	-	-
Fire		-	-	-	-
Public works		-	-	-	-
Housing, health and community development:					
Economic development		-	-	-	-
Community development administration		-	-	-	-
Total		-	-	-	-
Parks, recreation and community services		-	-	-	-
Library		-	-	-	-
Total expenditures and transfers	$	2,580	11,965	12,066	(101)

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Total			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	$	979	1,005	780	225
Elections		447	778	233	545
City treasurer		752	838	775	63
City manager		4,376	4,577	4,085	492
Innovation, performance and audit		1,253	1,265	949	316
Legal		3,694	3,746	3,476	270
Finance		5,000	5,231	4,700	531
Planning		11,350	12,149	10,751	1,398
Personnel		2,997	3,037	2,553	484
Non-departmental		2,580	11,965	12,066	(101)
Total		33,428	44,591	40,368	4,223
Police		80,621	81,276	80,555	721
Fire		58,346	60,059	57,026	3,033
Public works		14,900	15,330	13,849	1,481
Housing, health and community development:					
Economic development		3,028	4,943	2,353	2,590
Community development administration		1,795	1,889	1,582	307
Total		4,823	6,832	3,935	2,897
Parks, recreation and community services		12,389	12,945	12,396	549
Library		10,536	11,266	10,663	603
Total expenditures and transfers	$	215,043	232,299	218,792	13,507

See accompanying notes to basic financial statements

Exhibit D-3
CITY OF GLENDALE
Statement of Revenues - Budget and Actual
Housing Assistance Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:					
Use of money and property	$	10	10	51	41
Revenue from other agencies		31,868	31,855	31,954	99
Miscellaneous revenue		-	13	29	16
Total revenues	$	31,878	31,878	32,034	156

Exhibit D-4
CITY OF GLENDALE
Statement of Expenditures - Budget and Actual
Housing Assistance Fund
Year Ended June 30, 2018 (in thousands)

		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Current:					
Housing, health and community development:					
Salaries and benefits	$	2,658	2,704	2,194	510
Maintenance and operations		29,824	29,894	29,375	519
Capital		30	30	-	30
Total expenditures	$	32,512	32,628	31,569	1,059

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2018 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets and deferred outflows of resources						
Current assets:						
Pooled cash and investments	$ 30,145	110,464	19,631	42,476	202,716	128,578
Cash with fiscal agent	-	2,080	4,170	-	6,250	-
Investment with fiscal agent	-	2,398	-	-	2,398	-
Interest receivable	120	1,032	117	172	1,441	786
Investment-gas/electric commodity	-	1,500	-	-	1,500	-
Accounts receivable, net	1,988	27,155	7,484	2,540	39,167	3,273
Inventories	-	6,955	-	-	6,955	208
Prepaid items	-	11,460	-	-	11,460	1,829
Total current assets	32,253	163,044	31,402	45,188	271,887	134,674
Noncurrent assets:						
Capital assets:						
Land	578	6,306	1,034	1,639	9,557	-
Natural gas reserve	-	22,150	-	-	22,150	-
Buildings and improvements	140,919	66,187	61,700	7,258	276,064	214
Machinery and equipment	2,099	512,054	45,673	23,193	583,019	53,302
Infrastructure	-	-	156,433	-	156,433	-
Intangible	105,661	-	-	-	105,661	417
Accumulated depreciation	(40,770)	(355,618)	(92,187)	(22,875)	(511,450)	(30,443)
Accumulated natural gas depletion	-	(11,025)	-	-	(11,025)	-
Accumulated amortization	(49,496)	-	-	-	(49,496)	(29)
Construction in progress	24,493	25,978	9,577	779	60,827	7,508
Total capital assets	183,484	266,032	182,230	9,994	641,740	30,969
Designated cash and investments	-	124,100	11,300	-	135,400	-
Restricted cash and investments	-	5,669	-	-	5,669	-
Total non-current assets	183,484	395,801	193,530	9,994	782,809	30,969
Total assets	215,737	558,845	224,932	55,182	1,054,696	165,643
Deferred outflows of resources:						
Deferred outflows related to pensions	1,608	16,281	5,328	4,810	28,027	-
Loss on refunding	-	4,571	-	-	4,571	-
Total assets and deferred outflows of resources	$ 217,345	579,697	230,260	59,992	1,087,294	165,643

(Continued)

See accompanying notes to basic financial statements

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2018 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities, deferred inflows of resources and net position						
Current liabilities:						
Accounts payable	$ 6,117	7,794	3,693	872	18,476	4,589
Wages and benefits payable	168	2,008	594	654	3,424	1,012
Due to other funds	-	-	-	-	-	215
Interest payable	-	3,004	1,360	-	4,364	-
Claims payable	-	-	-	-	-	14,369
Compensated absences	-	-	-	-	-	3,137
Bonds payable	-	6,126	1,942	-	8,068	-
Deposits	339	3,121	1,137	427	5,024	-
Total current liabilities	6,624	22,053	8,726	1,953	39,356	23,322
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	38,899
Compensated absences	-	-	-	-	-	25,897
Bonds payable	-	160,424	76,809	-	237,233	-
Net pension liability	5,805	62,837	18,600	18,149	105,391	-
Total noncurrent liabilities	5,805	223,261	95,409	18,149	342,624	64,796
Total liabilities	12,429	245,314	104,135	20,102	381,980	88,118
Deferred inflows of resources:						
Deferred inflows related to pensions	243	2,596	850	802	4,491	-
Total liabilities and deferred inflows of resources	12,672	247,910	104,985	20,904	386,471	88,118
Net position:						
Net Investment in capital assets	183,484	104,053	103,479	9,994	401,010	30,969
Restricted						
SCAQMD emission controls	-	5,669	-	-	5,669	-
Unrestricted	21,189	222,065	21,796	29,094	294,144	46,556
Total net position	$ 204,673	331,787	125,275	39,088	700,823	77,525

Some amounts reported for business-type activities in the statement of net position are different because the net adjustment pertains to items on the statement of net position of certain internal service funds reported with business-type activities.	(5,650)
Total net position of business-type activities	$ 695,173

See accompanying notes to basic financial statements

Exhibit E-2
CITY OF GLENDALE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2018 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	$ 13,806	218,842	50,771	26,401	309,820	96,278
Miscellaneous revenue	159	6,566	2,428	478	9,631	1,829
Total operating revenue	13,965	225,408	53,199	26,879	319,451	98,107
Operating expenses:						
Maintenance and operation	14,425	157,718	39,820	23,609	235,572	36,776
Claims and settlement	-	-	-	-	-	50,884
Equipment Purchased	-	-	-	-	-	1,564
Depreciation	3,025	24,947	5,856	1,601	35,429	3,726
Gas depletion	-	1,171	-	-	1,171	-
Amortization	3,125	-	-	-	3,125	18
Total operating expenses	20,575	183,836	45,676	25,210	275,297	92,968
Operating income (loss)	(6,610)	41,572	7,523	1,669	44,154	5,139
Non operating revenues (expenses):						
Use of money and property	122	925	161	176	1,384	650
Intergovernmental grants	-	-	-	72	72	1,001
Interest expense	-	(6,452)	(3,218)	-	(9,670)	(6)
Total non operating revenues (expenses)	122	(5,527)	(3,057)	248	(8,214)	1,645
Income before capital grants and contributions and transfers	(6,488)	36,045	4,466	1,917	35,940	6,784
Capital grants and contributions	-	-	12	-	12	-
Transfers out	-	(20,162)	-	(1,150)	(21,312)	-
Change in net position	(6,488)	15,883	4,478	767	14,640	6,784
Net position, July 1	211,161	315,904	120,797	38,321		70,741
Net position, June 30	$ 204,673	331,787	125,275	39,088		77,525

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.	2,576
Changes in net position of business-type activities	$ 17,216

See accompanying notes to basic financial statements

Exhibit E-3
CITY OF GLENDALE
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Cash from customers	$ 13,909	227,613	53,351	26,991	321,864	97,723
Cash paid to employees	(3,390)	(31,793)	(9,189)	(10,336)	(54,708)	(21,464)
Cash paid to suppliers	(7,005)	(129,773)	(29,590)	(12,284)	(178,652)	(63,754)
Net cash provided by operating activities	3,514	66,047	14,572	4,371	88,504	12,505
Cash flows from noncapital financing activities:						
Amounts received from other funds	582	-	-	-	582	-
Amounts paid to other funds	-	-	-	-	-	(367)
Transfers out	-	(20,162)	-	(1,150)	(21,312)	-
Operating grants received	-	-	-	72	72	1,001
Loan payments received	-	-	-	78	78	-
Net cash provided (used) by noncapital financing activities	582	(20,162)	-	(1,000)	(20,580)	634
Cash flows from capital and related financing activities:						
Interest on long-term debt	-	(6,551)	(3,247)	-	(9,798)	(22)
Principal payments and premiums	-	(6,262)	(1,870)	-	(8,132)	-
Payments on capital lease	-	-	-	-	-	(262)
Capital grants received	-	-	12	-	12	-
Acquisition of property, plant, gas reserves and equipment	(11,216)	(8,825)	(4,471)	(1,474)	(25,986)	(5,576)
Net cash (used) by capital and related financing activities	(11,216)	(21,638)	(9,576)	(1,474)	(43,904)	(5,860)
Cash flows from investing activities:						
Investment - gas/electric commodity	-	(5)	-	-	(5)	-
Interest received	148	581	101	131	961	500
Net cash provided by investing activities	148	576	101	131	956	500
Net increase (decrease) in cash and cash equivalents	(6,972)	24,823	5,097	2,028	24,976	7,779
Cash and cash equivalents at July 1	37,117	217,490	30,004	40,448	325,059	120,799
Cash and cash equivalents at June 30	$ 30,145	242,313	35,101	42,476	350,035	128,578

(Continued)

See accompanying notes to basic financial statements

Exhibit E-3
CITY OF GLENDALE
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018 (in thousands)

		Business-type Activities - Enterprise Funds					
		Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$	(6,610)	41,572	7,523	1,669	44,154	5,139
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation		3,025	24,947	5,856	1,601	35,429	3,726
Gas depletion		-	1,171	-	-	1,171	-
Amortization		3,125	-	-	-	3,125	18
Pension expense		132	2,545	1,033	1,000	4,710	-
(Increase) Decrease Accounts receivable net		(56)	2,205	152	112	2,413	(384)
(Increase) Inventories		-	(1,285)	-	-	(1,285)	(16)
(Increase) Decrease Prepaid expenses		-	(2,546)	-	-	(2,546)	46
Decrease Deferred charges		-	236	-	-	236	-
Increase (Decrease) Accrued wages payable		(17)	58	179	15	235	(270)
Increase Compensated absences		-	-	-	-	-	1,530
Increase (Decrease) Accounts payable		3,866	(2,549)	(251)	(90)	976	842
Increase (Decrease) Deposits		49	(307)	80	64	(114)	-
Increase Claims payable		-	-	-	-	-	1,874
Total adjustments		10,124	24,475	7,049	2,702	44,350	7,366
Net cash provided by operating activities	$	3,514	66,047	14,572	4,371	88,504	12,505
Noncash investing, capital, and financing activities:							
Decrease in fair value of investments	$	(392)	(3,379)	(383)	(566)	(4,720)	(1,736)
Reconciliation of Statement of Cash Flows to Statement of Net Position:						-	
Pooled cash and investments	$	30,145	110,464	19,631	42,476	202,716	128,578
Cash with fiscal agent		-	2,080	4,170	-	6,250	-
Designated cash and investments		-	124,100	11,300	-	135,400	-
Restricted cash and investments		-	5,669	-	-	5,669	-
Cash and cash equivalents at June 30	$	30,145	242,313	35,101	42,476	350,035	128,578

Exhibit F-1
CITY OF GLENDALE
Statement of Net Position
Fiduciary Fund
June 30, 2018 (in thousands)

		Glendale Successor Agency Private Purpose Trust Fund
Assets and deferred outflows of resources		
Current assets:		
Cash and investments	$	75,812
Cash and investments with fiscal agent		11,628
Restricted cash and investments		29
Loans receivable		1,158
Total current assets		88,627
Noncurrent assets:		
Land		33
Buildings and improvements		377
Accumulated depreciation		(254)
Total noncurrent assets		156
Total assets		88,783
Deferred outflows of resources:		
Loss on refunding		2,094
Total assets and deferred outflows of resources		90,877
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued liabilities		24
Interest payable		409
Bonds payable		10,106
Loans payable to the City		10,040
Total current liabilities		20,579
Noncurrent liabilities:		
Bonds payable		74,238
Loans payable to the City		13,231
Total noncurrent liabilities		87,469
Total liabilities		108,048
Net position (deficit) held in trust	$	(17,171)

See accompanying notes to basic financial statements

Exhibit F-2
CITY OF GLENDALE
Statement of Changes in Net Position
Fiduciary Fund
Fiscal Year Ended June 30, 2018 (in thousands)

		Glendale Successor Agency Private Purpose Trust Fund
Additions:		
Property tax	$	28,290
Interest income		944
Total additions		29,234
Deductions:		
Interest and amortization expense on bonds		4,687
Depreciation		9
Operating expenses		549
Total deductions		5,245
Change in net position before special items		23,989
Special items:		
Reinstatement of loans		(328)
Transfer of capital assets to the City		(2,744)
Total special items		(3,072)
Change in net position		20,917
Net position held in trust (deficit), July 1		(38,088)
Net position held in trust (deficit), June 30	$	(17,171)

See accompanying notes to basic financial statements